ABER RESOURCES LTD.

1996 ANNUAL REPORT

Aber intends to be the premier publicly-traded diamond mining company in Canada. As we move toward becoming a major producer of gem quality diamonds shortly after the turn of the century, we will maximize the value of our shareholders' investment while protecting the interests of our other stakeholders, including the communities in which we operate.

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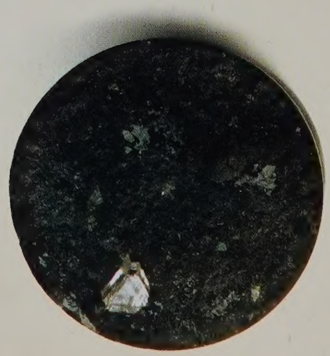


The front cover photo shows a magnification of the Aber Diamond found in 1994 in the core of the discovery drill hole from pipe A-154 South. The photo on this page shows the Aber Diamond and the host drill core, unmagnified. This 1.75-carat maccle diamond was the first indication of the significance of the Diavik diamond property.

Cover photo: Calvin Nichols

HISTORY OF THE DIAVIK PROJECT

The Value of Persistence

In order to write my part of Aber's 15th Annual Report, I undertook a review of the Company's activities since inception and concluded that it could not be described as an overnight success. Over its life, Aber examined scores of northern prospects, explored more than thirty and found three substantial but currently uneconomic deposits before making its outstanding diamond discoveries in the Northwest Territories. Success, it is said, occurs when persistence meets opportunity.

Aber has gone from strength to strength in recent years as the Company and its partner have explored and developed the Lac de Gras diamond pipes. One of Aber's highlights of the past year was a market capitalization that reached one billion dollars as investors came to appreciate the significance of these discoveries. The Company is well financed as a result. This success, the Company's increasing stature and the change in the nature of its activities to that of a development company have necessitated a number of management changes. I have now taken on the responsibility of Chairman of the Board and in my place am pleased to welcome Kenneth G. Hanna as President and Chief Executive Officer.

Since joining the Company last September, his business and legal background have been invaluable in dealings with our partner in the Diavik Project, our investment dealers, our investors and many others. His expertise will be even more important as we proceed with mine development and eventual production. Before joining Aber, Ken was one of Vancouver's leading corporate finance and mining lawyers. Although Ken has retired from the legal practice, he still serves as Chair of the British Columbia Securities Policy Advisory Committee, formed by the province's Minister of Finance to advise the British Columbia Securities Commission on regulatory, administrative and legislative matters affecting the securities markets in British Columbia.

Aber's persistence and eventual success after so many years would not have been possible without a very interested group of shareholders, a dedicated staff both past and present and an experienced board of directors. I would like to thank everyone who has been involved with Aber over the years for their interest and support. It is my hope that they will have great satisfaction in seeing Aber's diamond production making a substantial contribution to the economies of the Northwest Territories and Canada.

D. Grenville Thomas,
Chairman of the
Board of Directors
April 29, 1997

D. Grenville Thomas

Great Progress at Diavik

Aber Resources Ltd. and its joint venture partner, Diavik Diamond Mines Inc. of Yellowknife, Northwest Territories, made significant progress during 1996 in evaluating the diamond deposits at the Diavik Project in the Northwest Territories. Development focused on a cluster of the four diamond-bearing pipes most prospective for production. Preliminary geological models indicate a resource of 36 million tonnes in these four pipes and based on samples analyzed to date, the value of two of these pipes exceeds US$250 per tonne, ranking them among the richest in the world.

Developing Diavik: The Top Priority

The early development of a mine at Diavik is the top priority for Aber and its joint venture partner. Aber owns a 40% interest in the Diavik Project and has the right to market its 40% share of diamond production. The remaining 60% interest in the Diavik Project is owned by Diavik Diamonds, a subsidiary of the world's largest mining company, The RTZ Corporation PLC and CRA Limited. As of November 29, 1996 Diavik Diamonds took over mine development from the exploration department of Kennecott Canada Inc., another arm of RTZ-CRA. Diavik Diamonds has established a joint venture engineering office in Calgary, with experienced professionals drawn from RTZ-CRA operations around the world. In the 1980s, some of these personnel helped develop the world's largest diamond-producing mine, the Argyle mine in Western Australia.

Independent Diamond Valuations: Antwerp

In February 1997, Aber and Diavik Diamonds jointly engaged six independent Antwerp-based diamantaires to value 5,658 carats from an underground bulk sample at the Diavik Project's most developed pipe, A-154 South. These diamonds represented approximately 44% of the 12,800 carats recovered from the 2,900 tonne bulk sample. The Antwerp valuation, when translated to the entire bulk sample, suggests a value of US$63 per carat for the estimated 4.2 carats per tonne in pipe A-154 South. The diamantaires were unanimous in their view that the diamonds are attractive, of high quality and readily marketable.

Kenneth G. Hanna

Underground Bulk Sample: Pipe A-418

An underground bulk sample of 3,000 tonnes has been extracted and is being processed at the pilot plant in Yellowknife. The rough diamonds will be sent to Perth, Australia where they will be cleaned and sorted after which they will be shipped to Antwerp for valuation by Aber's consulting diamantaire. The valuation results of the first 3,000 carats are expected in June.

Neighbouring Development: A Good Sign

The commencement of mine construction by Diavik's closest neighbour, the NWT Diamonds joint venture between BHP Minerals Canada Ltd. and Dia Met Minerals Ltd., is a very positive development for the Northwest Territories and the Lac de Gras area. After a two-and-one-half year approval process, NWT Diamonds received regulatory clearance from both the Canadian and Northwest Territories governments in January 1997 to proceed with Canada's first diamond mine. Production, scheduled to commence in 1998, will help offset the economic impact of at least three mine closures expected in the Northwest Territories as orebodies are depleted over the next five years. The Diavik Project will also undergo a comprehensive approval process. In this regard, Aber is encouraged by statements from government officials such as Premier Don Morin of the Northwest Territories, who has stressed the need to "streamline the process for future diamond developments..."

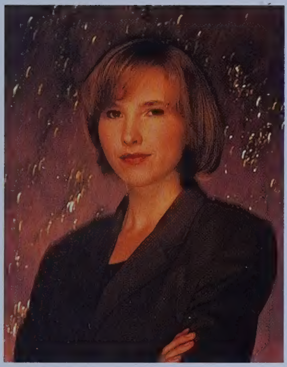
Budgets and Capital: Aber is Well Financed

By the fall of 1997, the Diavik Project will have completed a two-year, \$80 million prefeasibility study. Aber's budgeted expenditures on the Diavik Project in the year ended January 31, 1998 include \$7.1 million for the balance of the prefeasibility study and an additional \$800,000 for exploration on other kimberlite pipes and anomalies on the Diavik property. In late 1996, Aber completed a \$32.5 million equity financing and, in April 1997, a further \$9.5 million was raised from the exercise of warrants issued as part of an earlier financing. As at January 31, 1997, Aber had approximately \$30 million in working capital and \$14.5 million available to be drawn against by the issuance of 650,000 flow-through shares. With the additional funds from the warrants, Aber is well financed to meet its commitments to the Diavik Project through to project financing for production.

Other Properties: Exploration Potential

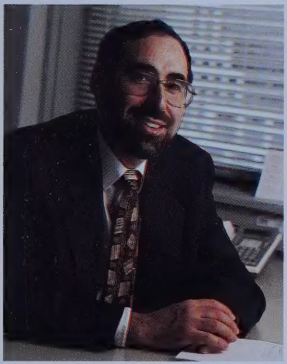
In addition to Diavik, Aber is continuing exploration programs at its other properties. In 1997 Aber expects to conduct an exploration program in Greenland for up to \$2.3 million and at Victoria Island in the Northwest Territories for up to \$500,000. At Camsell Lake in the Northwest Territories, a \$1.7 million exploration program is nearing completion. Additional information about these properties can be found on pages 17 and 18.

Report from the President (continued)



Edward Gajoel

Eira M. Thomas
Vice-President, Exploration



Alan J. Bayless
Vice-President, Investor Relations

Management Changes

In the past year Aber announced senior management changes in addition to my appointment as President and Chief Executive Officer. Eira M. Thomas was appointed Vice-President, Exploration. Since 1992 Eira has worked as a geologist on the Diavik project and also on Aber's other exploration ventures. Among many other accomplishments, she ran the 1994 Diavik exploration program which led to the discovery of the first three of our four most significant diamond-bearing pipes.

Alan J. Bayless was appointed Vice-President, Investor Relations. His two decades in journalism and public relations include six years as Vancouver Bureau Chief for Financial Times of Canada and eight years in a similar capacity for The Wall Street Journal. Alan's communication skills will play an important role as Aber explains its business to investors, government officials and the communities in which we operate.

The Outlook: Exciting

In summary, 1996 was a very productive year for Aber and we look forward to 1997 with great anticipation. At the Diavik Project, by mid-year we will have more fully defined the resource of all four main kimberlite pipes. After prefeasibility work is completed in the fall, the next step will be a formal feasibility study to complete the engineering work for development of the mine. By year end, we expect that a project description of the proposed Diavik Mine will be submitted to regulatory authorities to begin the permitting process.

Kenneth G. Hanna
President and Chief Executive Officer
April 29, 1997

By mid-year we will have more fully defined the resource of all four main kimberlite pipes... By year end, we expect that a project description of the proposed Diavik Mine will be submitted to regulatory authorities...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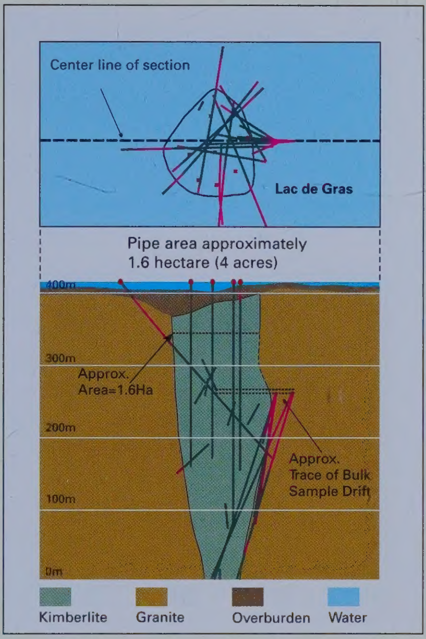
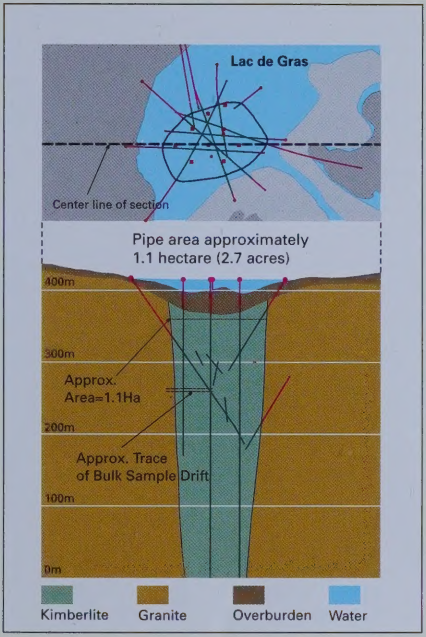
Pipe A-154 South



Summary of A-154 South

- Estimated Resource: 12 million tonnes (to 400 metres)
- Grade: 4.2 carats per tonne *
- Lake Water Depth Above Pipe: approx. 15 metres
- Overburden: 15 to 20 metres
- Bulk Sample Recovered: 2,900 tonnes
- Bulk Sample Processed: 2,900 tonnes
- Diamonds in Bulk Sample: 12,800 carats
- Estimated Value per Carat: US$63
- Estimated value per Sample Tonne: US$265

Pipe A-418



Summary of A-418

- Estimated Resource: 9 million tonnes (to 400 metres)
- Lake Water Depth Above Pipe: approx. 15 metres
- Overburden: 15 to 20 metres
- Bulk Sample Recovered: 3,000 tonnes
- Bulk Sample Processed: ongoing
- LDC Sample Processed: 61.8 tonnes
- Diamonds in LDC Sample: 248.4 carats
- LDC Grade: 4 .0 carats per tonne
- Estimated Value per Carat: US$64
- Estimated Value per Sample Tonne: US$256

* based on preliminary geological modeling
- Information as of April 29, 1997
- Note: LDC means large diameter core
- Source: Diavik Diamond Mines Inc.

◀ **Part of the Diavik Camp, Winter 1996-97**
The Diavik camp is divided into an older section, which dates back to 1995, and a newer section completed in 1996. The older section, shown in this picture, is the base for underground bulk sampling operations. The newer section, not pictured here, is approximately 200 metres away. It is the base for drilling and other project activities. The old and new sections each have accommodations, offices and cooking facilities. The airstrip is situated between the two sections.

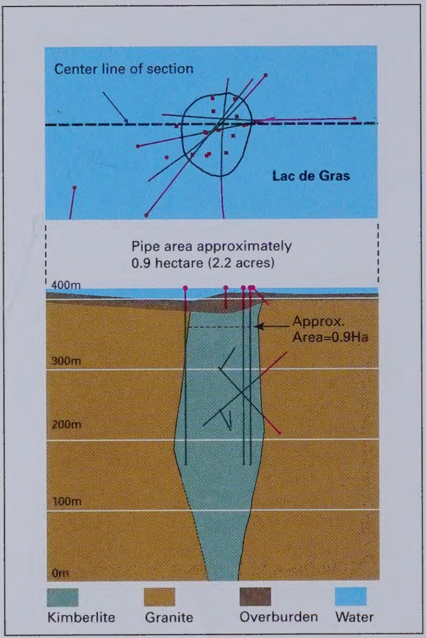
Key for facing picture

1 Stockpiles of kimberlite from pipe A-418 await transport to Yellowknife
2 Portal to underground tunnels
3 Airstrip
4 Road to new section
5 Workshops
6 Core shacks
7 Water treatment plant
8 Fuel storage
9 Offices and accommodations
10 Cooking and recreation area
11 Showers, laundry, change room and workshop

Mini-bulk sampling from large diameter core (LDC) drilling and underground bulk sampling suggest that A-154 South, discovered in 1994, is among the richest kimberlite pipes in the world. Drilling in 1997 will further define the resource. The 2,900 tonne underground bulk sample from A-154 South yielded 12,800 carats, approximately enough to fill a one litre bottle. The average value of these diamonds is estimated at US$63 per carat. Preliminary geological modeling indicates 12 million tonnes of resource at a grade of 4.2 carats per tonne.

Pipe A-418, discovered in 1995, is located approximately 750 metres southwest of A-154 South and at 4.0 carats per tonne also ranks among the richest pipes in the world. Results of recently completed drilling will be assessed in 1997 to further define the resource grade. Processing of a 3,000 tonne underground bulk sample from A-418 is underway to further establish the resource value. The current estimate of US$64 per carat is based on an initial 248.4 carats of diamonds from 61.8 tonnes of material obtained by LDC drilling.

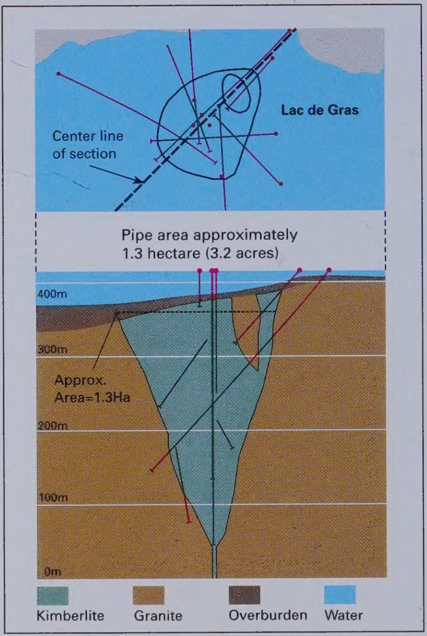
Pipe A-154 North



Summary of A-154 North

- Estimated Resource: 10 million tonnes (to 400 metres)
- Lake Water Depth Above Pipe: approx. 15 metres
- Overburden: 15-20 metres
- LDC Sample Recovered: 71.7 tonnes
- LDC Sample Processed: 71.7 tonnes
- Diamonds in Sample: 156.8 carats
- Grade: 2.2 carats per tonne
- Estimated Value per Carat: US$35

Pipe A-21



Summary of A-21

- Estimated Resource: 5.0 million tonnes (to 400 metres)
- Lakewater Depth Above Pipe: 15-30 metres
- Overburden: 5-15 metres
- LDC Sample Recovered: 6.9 tonnes
- LDC Sample Processed: 6.9 tonnes
- Diamonds in Sample: 21.5 carats
- Grade: 3.1 carats per tonne
- Estimated Value per Carat: N/A

- Information as of April 29, 1997
- Note: LDC means large diameter core
- Source: Diavik Diamond Mines Inc.

Pipe A-154 North, a 1994 discovery, is just 250 metres away from A-154 South. Results of recently completed drilling will be assessed in 1997 to further define the resource. The 71.7 tonnes of material, obtained from LDC drilling, yielded 156.8 carats of diamonds for a grade of 2.2 carats per tonne. These diamonds have been valued at US$35 per carat although the value is not considered definitive due to the small sample size. No additional testing of A-154 North is planned as the upper one-third of the pipe would be mined from the same open pit as pipe A-154 South at minimal additional mining cost.

Pipe A-21, located approximately five kilometres southwest of A-154 South, was the first of the major Diavik pipes discovered in 1994. Because of its distance from the main three-pipe cluster, A-21 is the least defined in terms of tonnage and grade. One LDC hole drilled in 1996 produced 6.9 tonnes grading 3.1 carats per tonne. However, the sample was not large enough to assign carat value. Five LDC holes were drilled in February and March 1997. Results are currently being evaluated.

Summary of Major Diavik Pipe Results

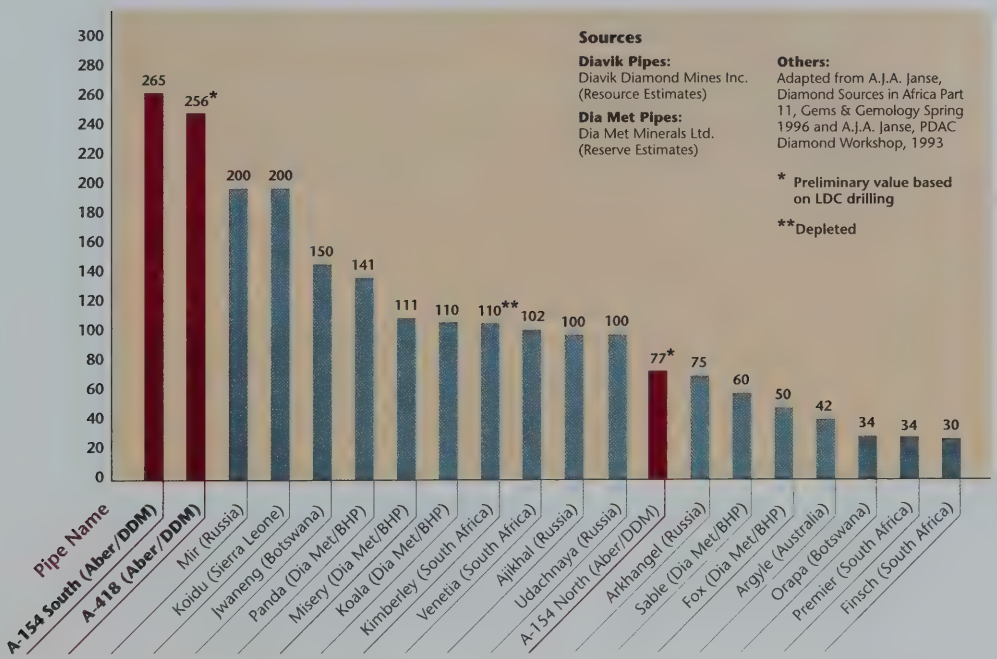
Information as of April 29, 1997

Pipe	Resource (tonnes to 400 m)	Grade (c/t)	Value (US$/c)	Indicated Value (US$/t)
A-154S	12 million	4.2*	63**	265**
A-418	9 million	4.0***	64***	256***
A-154N	10 million	2.2***	35***	77***
A-21	5 million	3.1***	N/A	N/A
Total	36 million			

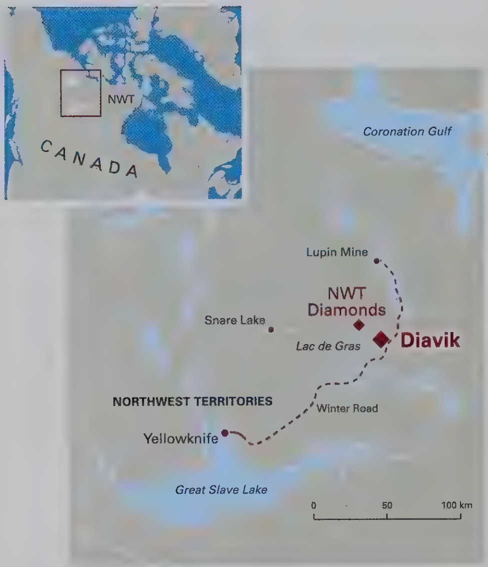
* based on preliminary geological models
** based on underground bulk sample
*** based on LDC drilling, value not definitive
Source: Diavik Diamond Mines Inc.

A Comparison of Major World Diamond Deposits

Pipe Values (US$/tonne)



The Diavik Project: Located in a Land with Mining History



The Diavik Project is located at Lac de Gras, in the Barren Lands of the Northwest Territories. The main Diavik claim block consists of 1,300 square kilometres (321,107 acres) on land administered mainly by the Canadian government's Department of Indian Affairs and Northern Development. Yellowknife, approximately 300 kilometres to the southwest, is the capital of the Northwest Territories and the Diavik Project's supply base.

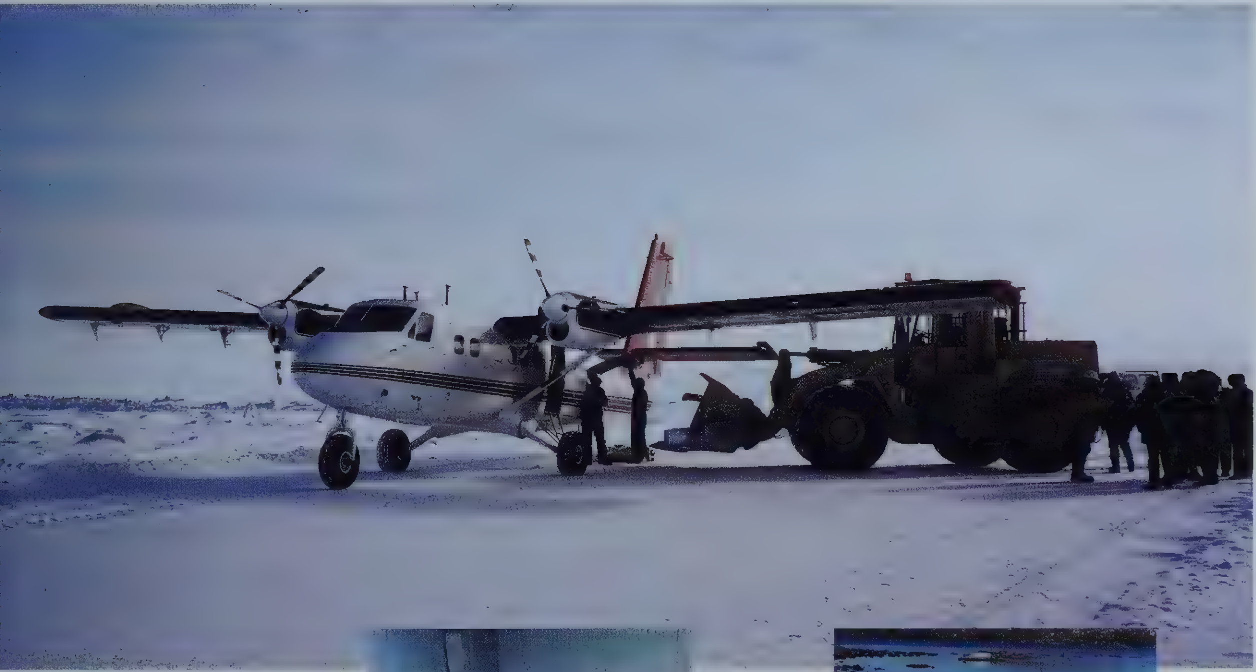
While the Canadian government is responsible for mineral and environmental regulation, the Lac de Gras region is part of complex and overlapping aboriginal land claims. As a result, in addition to meeting government regulatory requirements, companies seeking to build mines in the area have recently adopted policies of negotiating employment opportunities and other development terms and conditions acceptable to surrounding First Nations communities. Snare Lake, a First Nations community of approximately 130 people, is the closest year-round settlement. Although it is 190 kilometres away, the inhabitants of this village, and those of other First Nations communities, will play an important role in Diavik's development and operating plans. Approximately six times a year, the Diavik Project brings First Nations community leaders to the site by bush plane to brief them on development plans.

The Barren Lands has a mining history that includes two current projects in the vicinity of Diavik. The Lupin gold mine, 150 kilometres north of Diavik, is owned by Echo Bay Mines Ltd. of Englewood, Colorado and began operations in 1982. It has approximately 220 people on site. The second mining operation, the NWT Diamonds Project, is 30 kilometres northwest of the Diavik Project. In early 1997, an onsite workforce of approximately 400 began development of the NWT Diamonds mine, owned principally by a Canadian unit of Broken Hill Proprietary Co. of Melbourne, Australia and by Dia Met Minerals Ltd. of Kelowna, British Columbia. Aber is encouraged by the NWT Diamonds Project's receipt of government regulatory clearance and by the Project's successful negotiations with First Nations communities.

The Diavik Project camp, which has a capacity of approximately 150 people, is situated on the shore of Lac de Gras. The camp has an all-year airstrip capable of handling Twin Otter bush planes and the flight from Yellowknife takes approximately one hour. Diavik is also accessible to large haulage trucks via a 400 kilometre winter road that is open from January until early April. The winter road passes within one kilometre of the project site.

Haulage truck on the winter road near Diavik

First Nations communities will play an important role in Diavik's development and operating plans.



Unloading a bush plane at Diavik.

A Diavik Camp Cook: The Diavik Project has hired Ek'ati Services Ltd. of Yellowknife, a First Nations community-owned catering enterprise, for food preparation at the camp.

Testing water quality at Lac de Gras: The environmental impact of mining diamonds is minimized as they can be extracted without harsh chemicals or smelters.

Diamet/BHP
Lac de Gras
N
A154N
A154S
A418
Aber-Kennecott
A21
0
10
Kilometres
KRL
Pure
Gold
North
Westfort
Aber-Kennecott
Diamet/BHP
Tenby
Lac de Gras
Pure Gold South
Commonwealth
WO
ATW
0
20
Kilometres

Finding the Pipes

◀ Diavik Property:

This map shows the nine Diavik blocks in which Aber has an interest. All four of the main Diavik pipes are located on the Aber-Kennecott block (see inset map).

Key for facing map

Block Name	Block Size	Aber's interest
1. Aber-Kennecott*	1,300 square km (321,107 acres)	40%
2. WO	564 square km (139,455 acres)	15%
3. Commonwealth*	523 square km (129,218 acres)	44.4%
4. Tenby**	407 square km (100,511 acres)	35%
5. ATW	290 square km (71,759 acres)	15%
6. Pure Gold North**	94 square km (23,243 acres)	20.4%
7. Pure Gold South**	65 square km (16,089 acres)	22%
8. Westfort**	63 square km (15,495 acres)	20.4%
9. KRL**	54 square km (13,429 acres)	20.4%
Total	**3,360 square km (830,306 acres)**	

*Subject to an aggregate 2% royalty in favour of Christopher Jennings and Repadre Capital Corp.

**Subject to an aggregate 2.5% royalty in favour of Christopher Jennings and Repadre Capital Corp.

Source: Diavik Diamond Mines Inc.

Diamonds are formed under great pressure in the Earth's mantle at depths of 120 kilometres or more. They are transported to the surface by volcanic intrusions, most commonly within a host rock called kimberlite. This host rock often forms vertical, carrot-shaped pipes. In the Northwest Territories, kimberlite pipes are generally located under both overburden and lakewater.

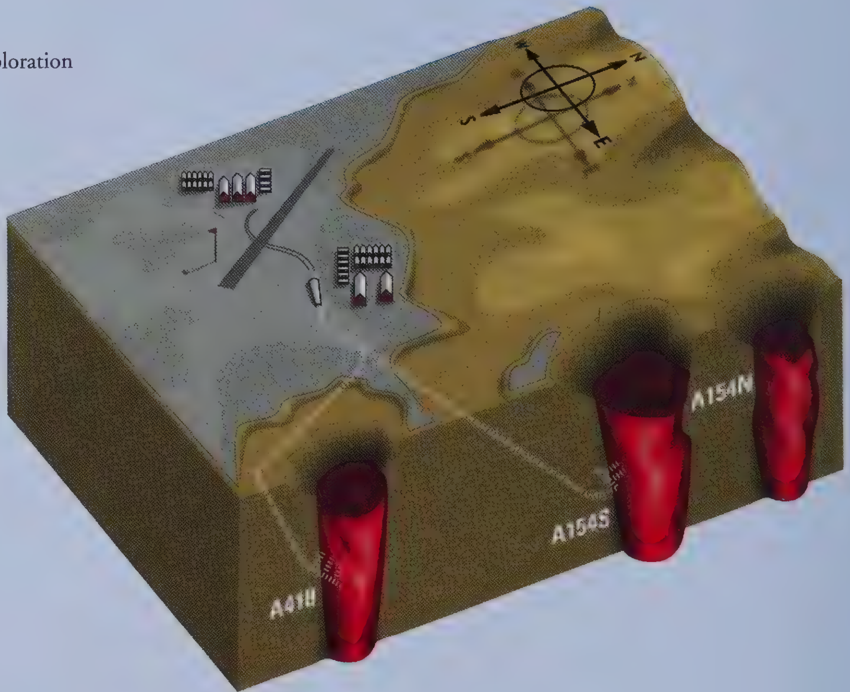
More than 5,000 kimberlites have been located around the world but only a few dozen have contained mineable quantities of diamonds. Many tools and techniques are used to explore for diamondiferous kimberlite. The main tools include heavy mineral till sampling and airborne and ground geophysical surveying. Prospective targets outlined from these surveys are then prioritized for drilling.

At Diavik, geophysical surveys, surface sampling and drilling all began in 1992. Three of the four most significant pipes were found in 1994, while the fourth was discovered in 1995. All four pipes were found on a 1,300 square kilometre (321,107 acre) block of the property in which Aber has a 40% interest. The property also has other, smaller blocks in which Aber's interest ranges from 15% to 44.4%. Other diamondiferous pipes that warrant additional work have been found on the largest Diavik block and on some of the small blocks. Exploration is continuing to find still more pipes on this property. The Diavik Project's active drilling program makes use of up to six rigs simultaneously. On land, drilling can take place year-round with rigs moved into place by helicopter. On Lac de Gras, drilling is conducted from ice platforms between January and April. The rigs are moved on skids by a tracked vehicle.

First Nations representatives inspect drill samples at a Diavik core shack.

Exploration drilling is continuing to find new pipes on the Diavik Project. A tent shields the drilling crew and equipment from the harsh northern climate.

Determining Grade and Value



Resource definition begins after exploration drilling discovers and delineates a promising pipe. The first step, mini-bulk sampling, involves extracting large diameter core (LDC) samples. Ideally, between 50 tonnes and 80 tonnes of kimberlite is collected and air freighted to a laboratory for analysis of diamond grade.

All four of the most promising Diavik pipes have undergone at least initial mini-bulk sampling by LDC drilling. Prior to or concurrent with mini-bulk sampling, each pipe was delineated to a depth of 400 metres to help define the volume of reserves and assess the geologic variability. Each of the four pipes is located under Lac de Gras in shallow waters close to shore.

After mini-bulk sampling, a large bulk sample is extracted to provide an estimate of the value of diamonds in the pipe. This value is combined with the grade information in the mini-bulk sample to provide an estimated value per tonne of kimberlite in the pipe.

Since 1995 Diavik has excavated a two-kilometre network of tunnels from an island in Lac de Gras to the two most promising pipes. One decline intersects pipe A-154 South at a depth of 155 metres below lake level. Another decline intersects pipe A-418 at a depth of 145 metres below lake level. In 1995, a 2,900 tonne underground bulk sample was taken from A-154 South and processed partly in Yellowknife by Kennecott Canada Inc. and partly at BHP Minerals' Koala plant near Diavik. The rough diamonds were then cleaned prior to sorting and valuation. In 1996, a 3,000 tonne underground bulk sample was collected from pipe A-418 and the sample is now being processed at Kennecott's Yellowknife plant. After processing, the diamonds will be cleaned, sorted and valued.

After completion of a prefeasibility study, a formal feasibility study determines the estimated capital costs of a mine, the schedule for development and the mining method; underground, open pit or a combination of both. At this stage, permitting applications are also made. It is anticipated that the formal feasibility study at Diavik will commence during the fourth quarter of 1997.

Conveniently, the Diavik pipes are located close to shore. A two kilometre network of tunnels was excavated so that underground bulk samples could be extracted from two of the pipes.

Diamonds: A Major Commodity With a Specialized Market

World Rough Production
(millions carats)

	1990	1995
Zaire	24.0	20.0
Botswana	17.3	16.8
CIS (Russia)	15.0	12.5
South Africa	8.5	9.1
Nambia	0.8	1.3
Angola	1.3	1.9
Other Africa	1.8	2.2
Australia	36.0	40.8
South America	1.7	2.0
Other Countries	0.3	0.5
World Total	**106.7**	**107.1**

Source: De Beers Consolidated Mines Ltd.

Rough diamonds from the Diavik Project

Great care and expertise is required to establish the value of any diamond. Unlike gold or silver, there is no publicly-quoted world benchmark price for rough diamonds. Each one must be individually assessed for size, colour, shape and other qualities.

A carat, which equals 200 milligrams, is the conventional measure for a diamond's weight. Carats are the first reference point for a diamond deposit because weight is easily and objectively determined. The weight of the diamonds relative to the waste rock determines the grade of reserves in carats per tonne.

The determination of value is a matter of expert opinion. Individual characteristics of a diamond are compared with the current market for diamonds with similar characteristics. This process is very subjective because shape, colour and clarity characteristics are hard to quantify. Moreover, detailed information about rough diamond supply and demand is not readily available. Some of the most important details are tightly held by the Central Selling Organization, a London-based syndicate that markets most of the world's rough diamonds. The CSO is controlled by De Beers Consolidated Mines Ltd. of South Africa, the world's biggest diamond-producing company.

The CSO classifies rough diamonds into approximately 6,000 categories, with prices varying from US$0.50 a carat for small industrial stones to tens of thousands of dollars a carat for large, high-quality gems. It maintains a stockpile of diamonds that may grow in times of slack consumer demand and may shrink when demand for diamonds is strong. Details about the content of the stockpile, and the supply and demand for individual diamond categories, is kept confidential by the CSO. Similarly, to protect the market, individual mines typically do not disclose details about the quality of diamonds produced.

According to De Beers, world production of rough diamonds has remained relatively stable in recent years. In 1995, it estimates world production at 107.1 million carats, virtually unchanged from 106.7 million carats in 1990. In the April 1997 issue of the diamond trade publication Antwerp Confidential, Julian Ogilvie Thompson, De Beers' Chairman, is quoted as saying De Beers is paying serious attention to the possibilities that there will be rough diamond shortages before the end of this decade.

Gem diamonds account for most of the value but only 15% of the volume of annual mine production. Acting on behalf of De Beers and many other diamond miners, the CSO is widely believed to supply between 75% and 80% of the annual global supply of gem diamonds. While precise information about the value of these gems is not widely circulated, market observers generally believe that the trend over a period of many decades has been one of gentle but steady price increases. In 1996 the CSO announced an overall price increase of 3% on all rough gem diamonds, with stones greater than one carat averaging a 7% increase.

During the formal feasibility stage of the Diavik Project, Aber will develop a marketing plan for its 40% share of production. In 1996 Aber engaged Overseas Diamonds N.V. for advice on diamond valuations and the diamond market generally. Overseas Diamonds is a leading diamond cutting and polishing firm based in Antwerp, Belgium, with offices in Tel Aviv and Johannesburg.

Exploration Potential Beyond Diavik

Aber has interests in a number of mineral properties and will actively explore several of them this year. The exploration budget for properties other than Diavik is currently set at approximately $4.5 million, of which Aber's share is $3.5 million.

◀ Eira M. Thomas, Vice-President, Exploration (right), and Aber Geologist Robin T. Hopkins plan the collection of till samples on site in Greenland in September 1996. Drilling for kimberlite targets began in April 1997.

West Greenland Diamond Project

This property covers three blocks totaling approximately 11,900 square kilometres (2.9 million acres) on the southwest coast of Greenland. In 1997 Aber plans a three-phase exploration program of up to $2.3 million. The program calls for surface sampling, geophysical surveying and drilling.

Based on a 1996 agreement with Platinova A/S of Nuuk, Greenland, Aber has the right to earn a 50% interest in approximately 98% of this land and a 25% interest in the remainder of the property by incurring expenditures of 13 million Danish Kroner ($2.8 million) on the property, of which $1.4 million was expended in 1996. Aber must also complete either 10,000 metres of drilling or take a 1,000 ton bulk sample, the cost of which will form part of the spending commitment.

During 1996, work included the collection of 360 surficial (till and stream sediment) samples representing 73 potential kimberlite targets and a series of regional till fences. In addition, 11,850 line kilometres of helicopter magnetic and electromagnetic data were collected over one of the blocks.

Till samples being transported by boat to Nuuk, Greenland from a central gathering point on the coast in September 1996. The samples were later shipped by air to commercial laboratories in Canada for extraction and identification of kimberlitic indicator minerals.

A sampling team collecting till specimens in Greenland, September 1996.

Kuujjua Nickel Project, Victoria Island, Northwest Territories

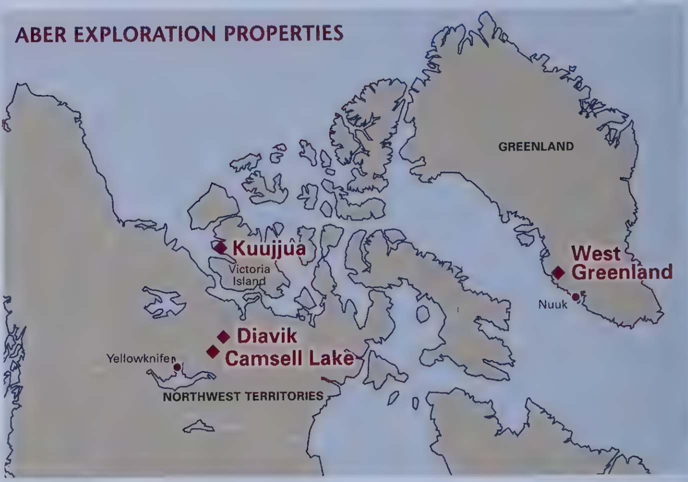
This property covers 10,927 square kilometres (2.7 million acres) and is located approximately 1,000 kilometres north of Yellowknife. Aber has a 100% interest in the property. A $500,000 exploration program is planned for 1997 to further identify targets for future drilling.

The land package was assembled between 1991 and 1994 based on an exploration model that recognized geological similarities between the Minto Inlier of Victoria Island and the flood basalt province of Siberia, host to the large Noril'sk-Talnakh nickel, copper and platinum deposits. Exploration of this property so far includes airborne geophysical surveys and limited surface sampling. Preliminary results indicate targets for both base metals and kimberlites.

During 1996, Aber reached mutually satisfactory agreements with local Inuvialuit organizations to ensure long term project stability and promote involvement by members of the local community. The Inuvialuit Regional Corporation, the Inuvialuit Land Administration and the Holman Environmental Impact Screening Committee determined that a proposed exploration program would have "no significant impact" on the environment. As a result, the Company has been granted a two-year land-use permit.

Camsell Lake Diamond Project, Northwest Territories

Aber has a 42.7% interest in this 1,687 square kilometre (416,913 acre) property, which is located approximately 100 kilometres south of Diavik. Geophysical work at Camsell Lake began in 1992 followed by surface sampling in 1993 and drilling in 1994.



Aber is involved in active exploration programs in Greenland and at Kuujjua (Victoria Island) and Camsell Lake in the Northwest Territories.

One diamondiferous kimberlite pipe was drilled in 1994 and a second was drilled in 1995. Despite low diamond counts in these pipes, exploration work continued elsewhere on the property in 1996 when surface sampling located 177 diamonds, along with other indicator minerals and kimberlite boulders, on a peninsula in Snap Lake. A spring drilling program began in March 1997 with a budget of $1.7 million, of which Aber's share is $725,000.

Initial holes from the latest drilling program have encountered a number of kimberlite dykes of which the largest is approximately 3.2 metres estimated true width. Some of the dykes are diamondiferous. On another target three kilometres to the east one hole intersected approximately 107 metres of complex kimberlite breccia. Additional geophysics and drilling are planned. During 1997, further information about this property is anticipated as the drilling program is completed and as the kimberlite is analyzed to determine diamond content.

CONTENTS

Management's Discussion and Analysis of Operating Results

Operations

Aber's revenue totaled $1,023,882 in the fiscal year ended January 31, 1997, up 17.6% from $870,439 a year earlier. Because Aber does not yet have a mine in production, it derives revenue mainly from interest on its investments. In the latest fiscal year interest income more than doubled to $814,051 from $400,120 as larger cash balances available for investment more than offset a decline in interest rates. Aber had a gain of $209,831 on the sale of securities, compared with a gain of $470,319 the previous year.

Aber's expenses during the latest fiscal year totaled $1.6 million down 27.3% from $2.2 million a year earlier. The main reason for the change was a substantial decline in writedowns of deferred costs related to mineral properties. These writedowns, which vary widely from year to year, reflect properties in the Northwest Territories that Aber has abandoned or has no immediate plans to further explore. The latest year's writedown of $64,109 was related to expenses on a number of properties. The previous year's writedown totaled $826,844 and included Aber's investment in the Point Lake property and exploration expenses on other mineral properties. General and administrative expenses increased by 15.4% to $1.5 million from $1.3 million, largely due to the hiring of additional employees and higher costs for travel, mainly for inspecting the Diavik and West Greenland Projects.

With Aber's increased asset base, the Company paid substantially higher capital taxes in the latest fiscal year to the British Columbia and Canadian governments. The federal Large Corporations Tax was $176,765, up 112% from $83,473. The British Columbia Capital Tax, (which is included in general and administrative expenses) was $145,000, up 26.1% from $115,000.

Aber's loss for the year totaled $757,619 or $0.02 a share compared with $1,369,249 or $0.04 a year earlier. Because of Aber's focus on exploration and development rather than on mining operations, an annual profit or loss is not currently a meaningful measure of the Company's performance.

Balance Sheets

As of January 31, 1997, Aber had $31.5 million in cash and cash equivalents, up 116% from $14.6 million a year earlier. Aber has also arranged for up to $14.5 million of additional financing by way of subscriptions for 650,000 flow-through shares to be issued as the Company incurs qualifying expenditures. Coinciding with this increase in cash and cash equivalents, the Company's share capital rose to $109.4 million (excluding the 650,000 flow-through shares not yet issued), up 65.3% from $66.2 million a year earlier. The Company's cash position and share capital increased because Aber raised $43.2 million from the sale of shares from its treasury during the year. Private placements raised $34.5 million with the balance raised from the exercise of options and warrants.

Cumulative deferred mineral property costs totaled $60.1 million at January 31, 1997, up 54.4% from $38.9 million a year earlier. Deferred mineral property costs are an accumulation of exploration and development costs on active properties, the most significant being the Diavik Project. The Company's policy is to write down these costs on a property-by-property basis if there is little prospect of further work being carried out by Aber or its partners.

The Diavik Project's prefeasibility study was responsible for much of the increase in deferred mineral property costs. Aber's share of spending at Diavik totaled $18.1 million during the year ended January 31, 1997, up 64.5% from $11 million a year earlier. Aber's share of cumulative costs at Diavik amounted to $53.4 million, or 88.9% of Aber's total cumulative deferred mineral property costs, as of January 31, 1997.

Other major expenses during the latest year include $1.4 million for the West Greenland Diamond Project (cumulative total $1.4 million), $910,286 for the Camsell Lake Diamond Project (cumulative total $2.2 million) and $823,866 for the Kuujjua Nickel Project (cumulative total $2.3 million). For West Greenland and Kuujjua, expenses mainly involved airborne geophysical surveys in the latest period. At Camsell Lake, expenses were mainly for drilling and sampling.

Accounts payable and accrued liabilities totaled $2.9 million at January 31, 1997, down significantly from nearly $7 million a year earlier. The main reason for the change is that in the year-earlier period a large year-end accrual was necessary because the Diavik Project operator, while implementing a new accounting system, delayed invoicing Aber for its 40% share of project costs.

Outlook for the fiscal year ending January 31, 1998:

Aber will continue incurring annual losses until sufficient revenues are generated from production at the Diavik Project or another project. Diavik production is currently anticipated to commence shortly after the turn of the century. During the fiscal year ending January 31, 1998, Aber's share of Diavik exploration and development costs are budgeted at $7.9 million, down from $18.1 million spent in the previous year. The reduction is because the capital-intensive prefeasibility portion of the project is nearing completion and will be followed by less costly engineering feasibility studies and regulatory hearings. During the fourth calendar quarter of 1997, the Diavik Project expects to file a project description for initial regulatory review. This project description will include a proposed development schedule, capital costs, mining methods and rate of production. Aber's cash and equivalents from financing during the year ended January 31, 1997, combined with additional funds anticipated from the issue of flow-through shares subscribed for and warrants exercised during the current fiscal year, will ensure that the Company has sufficient funds to meet commitments until project financing for production at Diavik. **For information on the risks Aber faces, see the Safe Harbour Statement inside the back cover**.

Management's Responsibility for Financial Reporting

The financial statements and the information contained in the annual report have been prepared by the management of the Company. The financial statements have been prepared in accordance with accounting principles generally accepted in Canada and, where appropriate, reflect management's best estimates and judgments based on currently available information. A system of internal accounting control is maintained to provide reasonable assurance that financial information is accurate and reliable.

The Company's independent auditors, who are appointed by the shareholders, conduct an audit in accordance with generally accepted auditing standards to allow them to express an opinion on the financial statements.

The Board of Directors' Audit Committee, no members of which are employees or officers of the Company, meets periodically with management and the independent auditors to review the scope and results of the annual audit, and to review the financial statements and related financial reporting matters prior to approval of the financial statements.

Kenneth G. Hanna,
President and Chief Executive Officer
March 19, 1997

J. Frank Bradley
Corporate Secretary
March 19, 1997

Auditors' Report to the Shareholders

We have audited the balance sheets of Aber Resources Ltd. as at January 31, 1997 and 1996 and the statements of operations and deficit and changes in financial position for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at January 31, 1997 and 1996 and the results of its operations and the changes in its financial position for the years then ended in accordance with generally accepted accounting principles. As required by the Company Act (British Columbia), we report that, in our opinion, these principles have been applied on a consistent basis.

KPMG

Chartered Accountants
Vancouver, Canada
March 19, 1997

used 96's
numbers
for 96

Balance Sheets

January 31, 1997 and 1996

	1997	1996
Assets		
Current assets:		
Cash and cash equivalents	$ 31,536,948	$ 14,550,490
Accounts receivable	488,129	530,144
	32,025,077	15,080,634
Investment in securities	337,712	320,712
Deferred mineral property costs (note 4)	60,142,241	38,864,784
Furniture and equipment, net of accumulated depreciation of $101,135 (1996 - $75,123)	134,364	96,113
	$ 92,639,394	$ 54,362,243
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	$ 2,858,291	$ 6,959,641
Capital and other taxes payable	199,042	200,939
	3,057,333	7,160,580
Shareholders' equity		
Share capital (note 5)	109,363,463	66,225,446
Deficit	19,781,402	19,023,783
	89,582,061	47,201,663
Operations (note 1)		
Commitments (notes 4 and 8)		
Subsequent event (note 9)		
	$ 92,639,394	$ 54,362,243

See accompanying notes to financial statements.

On behalf of the Board:

Kenneth G. Hanna
Director

D. Grenville Thomas
Director

Statements of Operations and Deficit

Years ended January 31, 1997 and 1996

	1997	1996
Revenue:		
Interest	$ 814,051	$ 400,120
Gain on sale of securities	209,831	470,319
	1,023,882	870,439
Expenses:		
General and administrative	1,514,615	1,305,860
Depreciation	26,012	23,511
Write-down of costs related to mineral properties	64,109	826,844
	1,604,736	2,156,215
Loss before taxes	580,854	1,285,776
Large corporations tax	176,765	83,473
Loss for the year	757,619	1,369,249
Deficit, beginning of year	19,023,783	17,654,534
Deficit, end of year	$ 19,781,402	$ 19,023,783
Loss per share	$ 0.02	$ 0.04

See accompanying notes to financial statements.

Statements of Changes in Financial Position

Years ended January 31, 1997 and 1996

	1997	1996
Cash provided by (used for):		
Operations:		
Cash received from interest income	$ 814,051	$ 400,120
Cash applied to general and administrative expenditures	(1,740,686)	(1,221,959)
	(926,635)	(821,839)
Financing:		
Issue of capital stock	43,453,017	16,290,433
Investments:		
Mineral property expenditures	(25,668,492)	(5,513,623)
Sale of securities	377,831	749,340
Purchase of securities	(185,000)	–
Purchase of furniture and equipment	(64,263)	(5,204)
Proceeds on disposition of furniture and equipment	–	6,403
	(25,539,924)	(4,763,084)
Increase in cash and cash equivalents	16,986,458	10,705,510
Cash and cash equivalents, beginning of year	14,550,490	3,844,980
Cash and cash equivalents, end of year	$ 31,536,948	$ 14,550,490

See accompanying notes to financial statements.

Notes to Financial Statements

Years ended January 31, 1997 and 1996

1. Operations:

The Company is incorporated under the laws of British Columbia and its principal business activities include the exploration and development of natural resource properties.

The recoverability of amounts capitalized as deferred mineral property costs is dependent upon the Company's ability to establish sufficient economically recoverable ore reserves and profitable operations.

The ability of the Company to maintain its interest in certain properties by contributing its share of exploration and development expenditures is dependent upon its ability to raise additional capital.

2. Summary of significant accounting policies:

(a) **Cash and cash equivalents:**

Cash and cash equivalents include short-term investments with a maturity of ninety days or less at the time of issue.

(b) **Investment in securities:**

Investments in securities are carried at the lower of cost or market.

(c) **Deferred mineral property costs:**

All costs related to mineral properties are capitalized on a property-by-property basis. Such costs include mining claim acquisition costs and exploration and development expenditures, net of any recoveries. The costs related to a property from which there is production, together with the costs of production equipment, will be depleted and depreciated on the unit-of-production method based upon estimated proven reserves. When there is little prospect of further work on a property being carried out by the Company or its partners, the deferred costs related to that property are charged to operations.

Various of the Company's exploration and development activities related to mineral properties are conducted jointly with others. The accounts reflect only the Company's proportionate interest in such activities.

The Company is in the process of exploring its mineral properties and has not yet determined whether these properties contain economically recoverable reserves.

(d) **Environmental and site reclamation costs:**

A provision for environmental and site reclamation costs is made when reclamation requirements are established and costs can be reasonably estimated.

(e) **Measurement uncertainty:**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant areas requiring the use of management estimates relate to the determination of impairment of deferred mineral property costs, reclamation obligations, and capital and other taxes. Financial results as determined by actual events could differ from those estimates.

2. Summary of significant accounting policies *(continued)*:

(f) Furniture and equipment:

Furniture and equipment are stated at cost and are depreciated on the declining-balance method using the following annual rates:

Furniture	20%
Equipment	20%
Vehicles	30%

(g) Share capital:

The premium on the issuance of flow-through shares, being the excess of the issue price over the quoted market value, is credited to deferred mineral property costs.

(h) Loss per share:

The calculation of loss per share is based on the weighted average number of shares outstanding during the year.

3. Financial instruments:

The fair values of the Company's cash and cash equivalents, accounts receivable, and accounts payable and accrued liabilities approximate their carrying amounts because of the immediate or short-term maturity of these financial instruments.

The quoted market value for investment in securities is $376,075 (1996 - $383,340).

4. Deferred mineral property costs:

	Balance January 31, 1996	Fiscal year expenditures (recoveries)	Write-downs	Balance January 31, 1997
Diavik	$ 35,311,142	$ 18,117,445	$ –	$ 53,428,587
Camsell Lake	1,336,421	910,286	–	2,246,707
Kuujjua	1,487,806	823,866	–	2,311,672
West Greenland	–	1,411,103	–	1,411,103
Thye Lake	729,411	(14,655)	–	714,756
Sunrise	–	29,412	–	29,412
High Lake	1	–	–	1
Other	3	64,109	(64,109)	3
	$ 38,864,784	$ 21,341,566	$ (64,109)	$ 60,142,241

	Balance January 31, 1995	Fiscal year expenditures	Write-downs	Balance January 31, 1996
Diavik	$ 24,272,145	$ 11,038,997	$ –	$ 35,311,142
Camsell Lake	428,101	908,320	–	1,336,421
Kuujjua	1,434,842	52,964	–	1,487,806
Thye Lake	48,761	680,650	–	729,411
Point Lake	515,951	9,651	(525,602)	–
High Lake	1	–	–	1
Other	235,522	65,723	(301,242)	3
	$ 26,935,323	$ 12,756,305	$ (826,844)	$ 38,864,784

4. Deferred mineral property costs *(continued)*:

(a) Diavik:

The Company holds a 40% interest in the core Diavik group of mineral claims pursuant to a joint venture agreement entered into on March 23, 1995. Diavik Diamond Mines Inc. ("DDM"), a subsidiary of The RTZ Corporation PLC and CRA Limited, is the operator of the joint venture and holds the remaining 60% interest, which DDM's affiliated company earned pursuant to a previous agreement whereby it paid the Company $300,000 and incurred $9,700,000 of expenditures.

The Company also has interests ranging from 15% to 44.4% in property adjoining the core Diavik property.

(b) Camsell Lake:

The Company holds a 42.66% interest in the Camsell Lake property.

(c) Kuujjua (Victoria Island Nickel):

At January 31, 1997, the Company held an 80% interest in the Kuujjua property. Subsequent to January 31, 1997, the Company increased its interest to 100%, pursuant to an agreement entered into during the 1996 fiscal year, by acquiring the remaining 20% interest for cash consideration of $50,000 and a 1% net smelter return royalty.

(d) West Greenland:

During the year ended January 31, 1997, the Company entered into an agreement with Platinova A/S, a company with certain common directors, for diamond exploration in West Greenland. The Company agreed to satisfy a work commitment imposed by the Mineral Resource Administration for Greenland to incur 13,000,000 Danish Kroner (Cdn $2,800,000) of expenditures prior to December 31, 2000. The Company may then exercise its option to acquire a 50% interest in approximately 98% of 11,900 square kilometres and a 25% interest in the remaining 2% of the area by completing either 10,000 metres of drilling or a 1,000 ton bulk sample, the cost of which will form part of the 13,000,000 Danish Kroner.

(e) Thye Lake:

The Company holds a 100% interest in the Thye Lake property which is subject to a royalty based on 3% of the net smelter returns. The acquisition of this interest was completed in fiscal 1996 for consideration of $150,000 of which $35,000 was paid in cash and 10,000 common shares of the Company were issued in lieu of the remaining $115,000.

(f) Sunrise:

The Company holds a 50% interest in the Sunrise property pursuant to a 1987 joint venture agreement, subject to a royalty based on 5% of the net profits.

(g) Other properties:

During the year ended January 31, 1996, the Company abandoned its interest in the Yellowknife East property by not making the required payments. As a result, deferred mineral property costs of $200,696 were written-off.

5. Share capital:

(a) Authorized:

100,000,000 common shares (1996 - 100,000,000) without par value.

(b) Issued:

	Number of shares	Consideration
Balance at January 31, 1995	31,712,283	$ 49,935,013
Shares issued:		
Pursuant to property agreement	10,000	108,750
On private placement for cash	1,800,000	14,682,450
On exercise of options for cash	530,100	1,210,483
On exercise of warrants for cash	87,500	288,750
Balance at January 31, 1996	34,139,883	66,225,446
Shares issued:		
On private placement for cash (i)	1,850,000	34,505,877
On exercise of options for cash	678,000	4,832,140
On exercise of warrants for cash	400,000	3,800,000
Balance at January 31, 1997	37,067,883	$ 109,363,463

(i) Included in shares issued on private placement are 350,000 flow-through shares issued for cash consideration and the renouncement of the tax deductions for Canadian exploration expenditures to be incurred on certain of the Company's mineral properties. The Company is required to incur $7,700,000 of qualifying exploration expenditures prior to November 30, 1998. The $315,000 premium on issuance of these flow-through shares was credited to the Diavik property deferred mineral property costs.

(c) Subscriptions for flow-through shares :

During the year ended January 31, 1997, the Company entered into two subscription agreements with Triax Resource Limited Partnership ("Triax") for the private placement of 650,000 flow-through shares for gross proceeds of $14,506,250. No shares have been issued pursuant to these subscription agreements as at January 31, 1997.

Pursuant to the first agreement dated November 6, 1996, Triax subscribed for 375,000 flow-through shares for gross proceeds of $8,250,000. These proceeds are not reflected in the Company's cash and cash equivalents as they are held in escrow and will be released to the Company as the Company incurs qualifying exploration expenditures. The Company is required to incur $8,250,000 of qualifying exploration expenditures prior to December 31, 1997.

Pursuant to the second agreement dated January 1, 1997, Triax subscribed for 275,000 flow-through shares for gross proceeds of $6,256,250. These proceeds, which have not been received at January 31, 1997, are to be placed in escrow no later than December 31, 1997, to be released to the Company as the Company incurs qualifying exploration expenditures. The Company is required to incur $6,256,250 of qualifying exploration expenditures prior to December 31, 1998.

5. Share capital *(continued)*:

(d) Common share options:

Outstanding options at January 31, 1997 and 1996 were as follows:

Expiry		Price	Outstanding January 31, 1996	Granted	Exercised	Outstanding January 31, 1997
February 26, 1996	$	1.85	4,900	–	4,900	–
May 25, 1997		2.07	400,000	–	–	400,000
October 1, 1997		1.83	3,333	–	3,333	–
August 19, 1998		2.25	169,767	–	169,767	–
June 20, 1999		7.87	110,000	–	50,000	60,000
November 24, 1999		7.87	100,000	–	–	100,000
December 19, 1999		7.50	50,000	–	–	50,000
January 25, 1998		9.87	25,000	–	–	25,000
May 31, 2000		7.87	1,000,000	–	350,000	650,000
February 16, 2001		12.87	–	200,000	100,000	100,000
July 29, 2006		19.10	–	500,000	–	500,000
November 15, 2006		21.10	–	235,000	–	235,000
January 14, 2007		21.35	–	75,000	–	75,000
			1,863,000	1,010,000	678,000	2,195,000

(e) Common share purchase warrants:

Expiry		Price	Outstanding January 31, 1996	Granted	Exercised	Outstanding January 31, 1997
December 5, 1996	$	9.50	800,000	–	800,000	–
April 19, 1997		19.00	–	1,000,000	–	1,000,000
November 22, 1997		23.00	–	500,000	–	500,000
			800,000	1,500,000	800,000	1,500,000

The 1,000,000 warrants expiring in April 1997 entitle the holder to acquire one common share at $19.00 for two such warrants. The 500,000 warrants expiring in November 1997 entitle the holder to acquire one common share at $23.00 for two such warrants.

6. Income taxes:

As at January 31, 1997 the Company had non-capital losses carried-forward for Canadian income tax purposes of approximately $583,000 which expire at various dates to 2003 and are available for deduction against future taxable income, subject to final determination by taxation authorities. The following amounts are also available to reduce future years' income for income tax purposes:

Canadian exploration and development expenditures	$	34,130,000
Foreign exploration and development		2,300,000
Capital cost allowance		258,000
Financing expenses		986,000
Earned depletion		170,000
	$	37,844,000

6. Income taxes *(continued)*:

Included in Canadian and foreign exploration and development expenditures and earned depletion, as listed above, is $8,200,000 which can only be deducted from income for income tax purposes from specified mineral properties.

7. Related party transactions:

(a) As at January 31, 1997, included in accounts receivable is $14,295 (1996 - $9,911) receivable from companies with certain common directors. Included in accounts payable as at January 31, 1997 is nil (1996 - $13,144) owing to a company with certain common directors, and nil (1996 - $3,682) payable to a director.

(b) During the year ended January 31, 1997 the Company paid $23,032 (1996 - $19,227) to a company with certain common directors for services rendered.

8. Commitments:

(a) The Company has various commitments relating to its interest in mineral properties which are in the ordinary course of business. The Company's interest in the properties may be subject to dilution on an expenditure ratio basis and may be converted to a net profit interest in some cases, if the Company elects not to contribute its share of expenditures. The Company is required to make expenditures over fixed periods of time in order to maintain its interest in certain properties.

(b) As at January 31, 1997 the Company's future minimum payments under operating lease agreements by fiscal year are as follows:

1998	$	116,388
1999		30,576
	$	146,964

(c) The Company's operations are affected by federal, provincial, and local laws and regulations concerning environmental protection. Under current regulations, the Company is required to reclaim its sites and adhere to certain standards to minimize the environmental impact from its exploration and development activities. The impact, if any, of future legislative or regulatory developments on operations is not currently estimatable.

9. Subsequent event:

Subsequent to January 31, 1997, 110,000 options were exercised and 110,000 common shares of the Company were issued for proceeds of $885,700.

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John H. Parker, O.C.
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D. Grenville Thomas
Vancouver, British Columbia

Senior Officers
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Chairman of the Board

Kenneth G. Hanna
President and Chief Executive Officer

Eira M. Thomas
Vice-President, Exploration

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Annual General Meeting
Quebec Room,
Royal York Hotel
100 Front Street West
Toronto, Ontario
Wednesday, June 25, 1997 4:00 pm

Stock Exchanges and Symbols
The Toronto Stock Exchange: ABZ
NASDAQ: ABERF

Capitalization:*
Authorized: 100,000,000
Issued: 38,077,883
Fully Diluted: 40,662,883
* At April 30, 1997

Stock Trading History

	Feb. 1, 1996 to Jan. 31, 1997		Feb. 1, 1995 to Jan. 31, 1996	
	TSE C$	NASDAQ US$	TSE C$	NASDAQ US$
High	24.50	17.75	11.25	8.25
Low	9.75	7.00	6.50	4.63
Close	23.55	17.50	9.88	7.05
Avg Daily volume	167,238	19,800	83,964	15,865

Safe Harbour Statement under the U.S. Private Securities Litigation Reform Act of 1995

This annual report contains forward-looking statements about the Company's plans for its exploration and development properties. These statements are contained in the Management's Discussion and Analysis section, the Reports from the Chairman of the Board of Directors and the President and Chief Executive Officer, and elsewhere and are based on Aber's best information at the time of publication. Aber cautions investors that due to risks and uncertainties, actual events may differ materially from current expectations. With respect to the Diavik diamond project, differences may result from additional drilling, sampling, and diamond valuations and from engineering and construction timetables, financial arrangements, developments in world diamond markets, political developments in Canada, the timing of regulatory and environmental approvals and other factors. With respect to other projects, actual events may differ from current expectations due to exploration results, new exploration opportunities, changing budget priorities of Aber or its joint venture partners and other factors.

Current Research Reports

Dealer	Analyst	Phone	Date of Report
Bunting Warburg Inc.	Brian T. MacArthur, CFA	(416) 364-3293	Dec. 2, 1996
Canaccord Capital Corp.*	David James	(204) 988-9602	Sept. 17, 1996
Deacon Capital Corp.	Catherine Gignac	(416) 350-3440	May 22, 1996
Eagle & Partners Inc.	John Hainey, P.Eng	(416) 365-2577	Dec. 4, 1996
First Marathon Securities Ltd.*	John Lydall & Kerry Smith	(416) 869-6663	Feb. 24, 1997
Nesbitt Burns Inc.	Don MacLean	(416) 359-6667	Feb. 24, 1997

*Co-leaders for a $32.5 million private placement financing by Aber in November 1996

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